SEPTEMBER
1961

Rural Lines

RURAL ELECTRIFICATION ADMINISTRATION • U. S. DEPARTMENT OF AGRICULTURE

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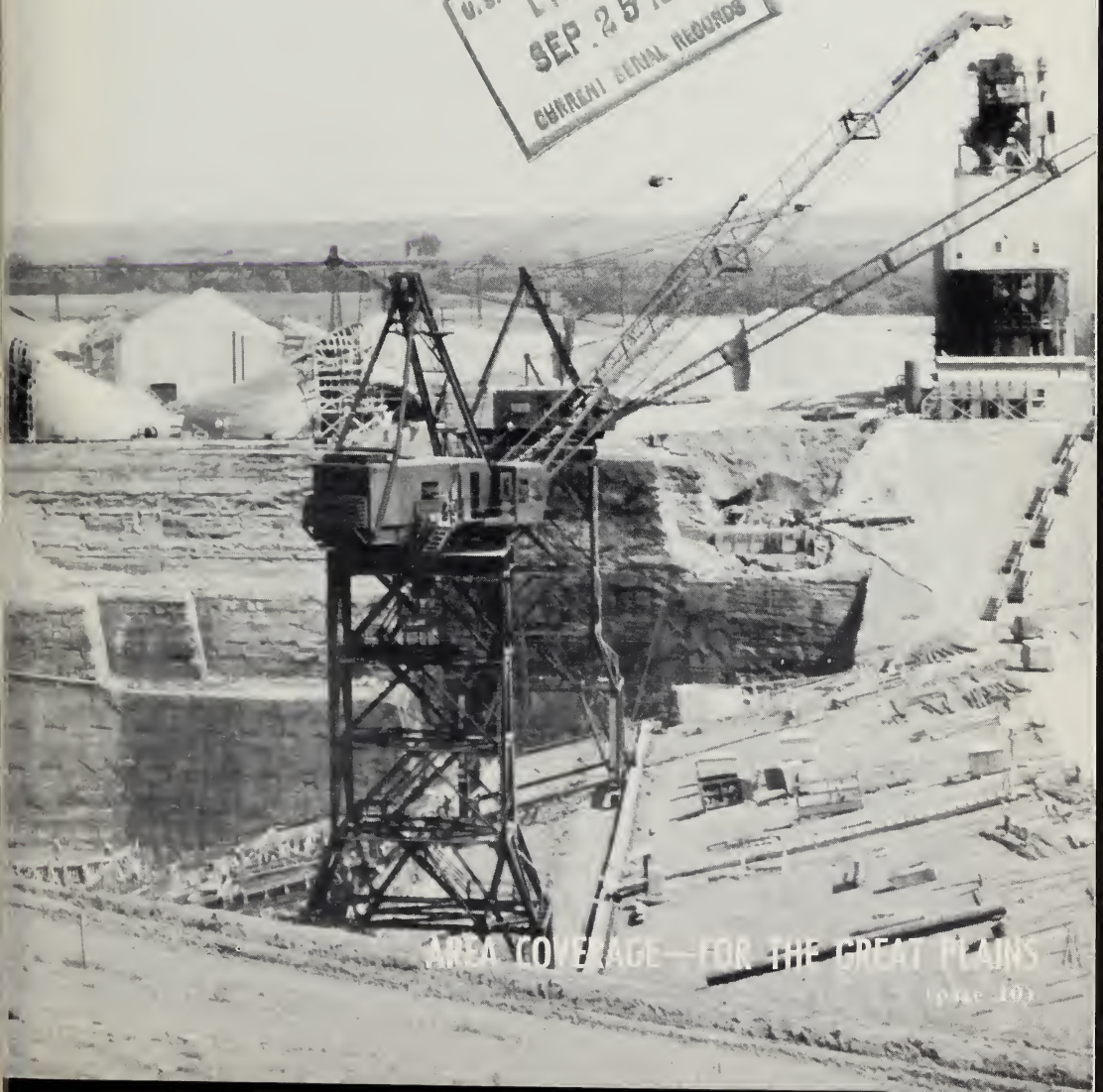

AREA COVERAGE—FOR THE GREAT PLAINS
page 10

A Message from the ADMINISTRATOR

An accumulation of questions about REA's telephone loans program persuaded me to direct a fact finding study and reappraisal of all its aspects. The purpose of this project was to assure policies and procedures tailored for today's conditions in carrying out our responsibilities under the Rural Electrification Act.

Five principal questions about the telephone program emerged from the criticisms and suggestions which had come to us:

(1) Are we getting area-wide coverage? The answer is "yes—but." A special sampling survey just completed, shows that an average of 53 percent of the total number of establishments outside of borrowers' base rate areas still do not have service.

(2) Is too large a share of telephone loan funds going into urban facilities? The factfinders say "no." Only one in ten subscribers receiving service from REA-financed facilities is a nonrural subscriber.

(3) Are telephone cooperatives getting the short end of the stick in REA loans? The survey shows that development of new cooperatives in this program has come to a standstill. There was just one during fiscal 1961 and the total stands at 210 co-ops and 535 commercial-type borrowers. Restoration of subscriber-owned, nonprofit telephone organizations to the role intended by Congress is an important objective. This does not mean we are going to neglect the commercial companies. We need both co-ops and commercials in this program to get our job done.

(4) Have speculators used REA loans to make unreasonable gains and subvert the original purposes of the program? Our people are still working on this part of the reappraisal. What we are learning gives me some concern. We issued a new policy bulletin (321-2) in June to discourage shoestring speculative ventures which are not in keeping with the objectives of the program.

(5) Does REA provide adequate technical assistance for telephone borrowers? Our task force has not completed analysis of this question, but the reorganization of REA should permit use of available personnel to better advantage. We know that more help is needed at the initial stages of a new borrower's organization and first loan application.

This study was intended as neither witch hunt nor whitewash. We were after facts, and I think we have enough to help us chart our course in seeking extension and improvement of telephone service in rural areas.

Administrator

Rural Lines

June E. Panciera, Editor

Cover Picture: Big Bend will be the sixth and final link in the chain of Missouri River Dams. Two South Dakota REA borrowers are providing construction power and telephone service to the dam site.

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TELEPHONE AUTOMATION IS HERE

More and more telephone companies are using automatic data processing equipment to save time and money in speeding up their billing operations. One REA borrower, in Arkansas, recently became the first independent telephone company in the United States to initiate an automatic person-to-person direct distance dialing system. Another, in Indiana, has completed a year of experience with mechanized billing.

Here are their stories—to show other borrowers what is involved in getting the right kind of automatic data processing equipment, and to help them recognize the advantages and problems of putting such equipment into actual operation.

Person-to-Person Automatically

Last March, on a Saturday night, more than 300 persons gathered for a banquet in the Fordyce (Arkansas) high school gym. They were there to celebrate the cutover (at 1:01 a.m. the next morning) of the Allied Telephone Company's new equipment.

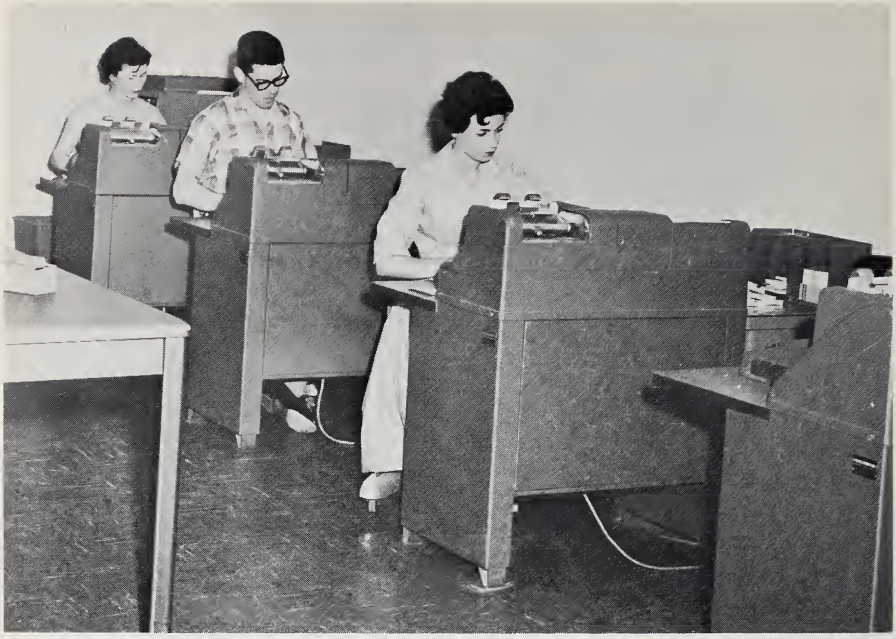
A simple turn of a switch recorded a triple achievement for the telephone company. It became the first independent company in the United States to offer its subscribers direct distance dialing for three types of service: station to station, person to person, and collect and credit card calls.

Allied is one of the largest rural telephone companies in Arkansas. Its 25 exchanges and 5,000 miles of line serve 94 communities, numerous industries, and 9 missile sites.

The modern service that Allied provides requires modern billing and recording equipment. In its Little Rock office, the company set up a special automatic data processing center. Here, four operators work at card-punch machines which convert all toll calls from other telephone systems to punch cards for data processing. On these cards, each bit of information is converted to specially placed punch holes. The cards are then sorted into numerical sequence.

From the sorting machine, the cards are match-merged through a collator. This step makes a file ready for billing by placing together the local service, directory advertising, toll calls, and other charges or credits to be included in the subscriber's bill.

The accounting machine handles the final phase of the new operation. This machine—almost too fast to follow—adds at the rate of 150 cards per minute, and lists the items on customers' bills at the rate of 100 lines per



Several key-punch operators use card-punch machines to convert manual toll tickets from other telephone systems to punched cards for data processing.

These operators are kept at the company switchboard to assist subscribers in making person-to-person calls, credit card calls, and to provide any other special help which may be needed in placing long distance telephone calls.

Card punch unit codes all data automatically from the bank of direct dial recorders. The punch cards are then fed into the main billing system.

minute. It reveals in report form the information taken from the source documents or cards made at the key punch, and then addresses bills for mailing.

At Fordyce, a bank of recording equipment automatically accumulates all necessary information on calls made over the direct-dialing system. It feeds it into another punch-card system, coded for the Little Rock equipment. After every 8 hours, the recorder film is wiped clean for accumulating the next set of calls.

Sound complicated? It is. Allied knew that direct distance dialing was new to rural areas, so it set up an educational program to teach its subscribers to use the new system properly.

Last December it started a bright and informative little newsletter, "The Soundwave," and announced progress on installing the new system. It also produced and sent to its subscribers a 12-page instructional booklet, entitled "Direct Distance Dialing." All of the new how-to-do-it information was also included in the regular directory, issued in March.

The procedure is relatively simple. The Nation is sectionalized into area codes and each station is assigned an access code. A subscriber who wants to make a station-to-station call first dials the access code, then the area code, and finally the station number.

The person-to-person calls are handled differently. A special person-to-person access code is dialed, and an operator then breaks in to say "May I help you?" The subscriber gives her the name of the person he wants to talk with, or, if it is a collect call, he simply states that fact. Later, the code information is automatically transferred to the direct-dialing recording equipment for future billing.

With modern automatic data processing equipment, Allied Telephone Company has kept up with telephonic progress. It is ready to meet a heavier load of business and to provide the rural areas of Arkansas with the most modern and efficient telephone service possible.

Many other REA telephone borrowers—both cooperatives and commercial companies—are noting the trend to automation. They are ready to follow Allied's lead in their unceasing efforts to offer the best and most modern, efficient telephone service to rural subscribers in their areas.

To Mechanize or Not to Mechanize

* *by W. A. Parker, Manager, Eureka Telephone Co., Corydon, Ind.*

We do not profess to be experts on mechanized billing. We do feel, though, that the experience we have gained in the past year permits us to draw some conclusions, and we want to pass these conclusions and thoughts on to you. Moreover, we are a small telephone company. We serve approximately 4,500 stations, so you can see that I speak only about a telephone company that has a complete Central Dial Office operation and no toll center.

The advent of the mark-sense program has created a serious problem to the small telephone company. To my way of thinking, the mark-sense ticket and mechanized billing compare to the old-style manual billing in the same way that a dial office compares to a manual office. Mechanized billing must be approached in the same light, for by its use we can increase efficiency in our offices, and provide better service to our customers. We can handle a larger volume of customers, together with their billing—and we certainly are out to encourage more toll calls. If we encourage greater use of our toll facilities, we must be ready to handle that business. Also, I feel that most of us have some type of labor problem. It is very difficult to hire and train competent office personnel. It seems that as soon as they reach top efficiency, they get married, they have families, their husbands decide they should be home, and the cycle starts all over again. That's why we think that mechanized billing, while it may not be the final answer, certainly goes a long way toward making our job easier, more efficient, and above all, less costly.

When we considered our first installation, we had many misgivings, about our size, and our volume of business. Of course, all companies go through this indecision. We did make a very detailed study of our current operating cost. At the time we were using a billing machine, we microfilmed our toll tickets, and we had an automatic feed addressograph.

We found that our costs were skyrocketing as our toll business increased. Not only did our processing time and labor costs increase, but our postage almost doubled. You can't send mark-sense tickets through the mail as cheaply as you can 1-A tickets because they are larger and heavier. Then, of course, the mark-sense ticket sent to the customer was not as satisfactory as the 1-A ticket. The customer had trouble interpreting it, and when he brought it in to us, *we* had trouble interpreting it for *him.* So we knew that some change had to be made.

Our cost study took into consideration a reasonable return on our investment, the annual operating cost of our billing equipment, total labor cost, high taxes, insurance, and depreciation. These many small items add up to a very large dollar figure.

Against this, we balanced the cost of an automatic data processing installation, which included a summary printing card-punch, a sorter, and an accounting machine. Our preliminary study showed that it appeared to be a break-even proposition. We felt that it wasn't going to make us any money, but it wasn't going to cost us extra money, either. So, with an eye to the future, we knew that with this type of

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* *From a talk, presented at the convention of the Indiana Telephone Association, Indianapolis, May 10, 1961.*

Automatic billing unit used at Allied Telephone Company. Data cards go from card-punch machines (far right) to the sorting machine (center) for grouping. The collator in left corner files the groups of cards used together. The reproducer next to it, reproduces the cards. The accounting machine (far left) totals the final bills and prints them for mailing to the subscribers.

equipment we could handle just about all of our foreseeable growth without additional office personnel. Our study did not take into consideration additional applications or jobs which might be added to our equipment in the future, which would also tend to cut down our office work with a resultant dollar saving. We felt reasonably sure that we were moving in the proper direction, and so we ordered the machines.

Then came the problem of determining how to use them. There are many different ways that the equipment can be made to do one particular job. We finally settled on almost a standard type telephone bill. It is similar to the bill most of you probably use in a stub billing procedure.

On each statement we are able to list 13 individual toll calls, showing the place called or the place from which the call came, the telephone number of the called party, as well as the amount and the date. In addition, the local service, the tax, and various other charges such as advertising, are all placed on this one bill and totaled out. No carbon copies are needed because, at the same time, we are printing a one-piece stub, while the summary punch is cutting a card which will be used for the office accounting information. As for operators, our personnel received free training on wiring the equipment control panels, as well as the card-punch operation. All of our permanent records were set up by our own people while the original wiring of the control panels was done by the manufacturer's engineers, who practically lived with us for 2 months. Our conversion was

Elsie Johnson of Allied Telephone Company attends the accounting machine. This final step in data processing prepares the bill for the subscriber.

completed in July of 1960—not without its many problems—but for the magnitude of its operation, the problems were a minimum. No problems were created for our subscribers other than getting tickets on the wrong bills, etc. I know we have all experienced that problem in the manual billing procedure, anyway.

One asset of this system which particularly appeals to me is its built-in accounting controls. Of course, after you have completed your billing, you automatically receive totals of all the various accounts, and with the summary cards, each day's collections are balanced back to the controls with the accounting machine. Before each billing cycle, it is a simple matter to verify the totals of all "ins and outs" for the month, together with the master billing check, by listing off all control groups.

It seems, though, that as soon as one job is completed, you immediately find two more to add to it. Our second job was placing our final notices on the machine. It was always a 2-day operation to prepare them and get them in the mail. Now it is boiled down to an hour or two.

Our next job was to set up our stockholder's records. For a small company, we have a tremendous number of stockholders, somewhere around 3,500. A master card was prepared for each stockholder, showing the total number of shares owned, the number of certificates, the date purchased, etc. When it's time to send out notices and proxies, all we have to do is feed a two-part continuous postcard through the accounting machine. On one card we imprint the name and address of the stockholder, and on the other card we print the basic information concerning his stock, such as number and quantity. The continuous forms are

then separated at the perforations and sent to the printers where the notice and proxies are imprinted.

This is one operation which we did not consider in our feasibility study. We know it saved a considerable amount of money this past year, to say nothing of the time it will save the CPA auditors at their annual audit. There are so many hidden savings that you cannot foresee them all. Each day we find more things which have meant direct savings to the company.

The last operation which we set up was our payroll accounting. From the time sheets each day the keypunch operator cuts a card showing the employee's number, the day, the account numbers worked, and the hours worked. At the end of the payroll period, or at the end of the month, it is a simple matter to accumulate all these costs for check writing purposes by using the accounting machine. To date we are not writing our checks by machine, but it is being considered.

We are also preparing to compile all our trouble records and analyses from punch cards. The groundwork has been laid, but we have not placed this in operation as yet.

Until now, I have talked about all the many advantages. However, some of you will ask "What does it cost? How do you pay for the machine?" First, we are renting our machines. Under this plan, the manufacturer assumes all maintenance costs; we have no taxes; we have no insurance. For the three machines, we pay $440 a month. The alternative is to purchase the machines outright. The accounting machine, new, runs approximately $20,000. We feel that, at this time, it is to our advantage to rent these machines until we know that they will do everything that we want them to do, or that we won't need anything bigger.

Mr. Bill Corman, in his article in "Telephone Engineering and Management," stated "In my opinion, it is only a matter of time until all telephone companies will be forced into some type of mechanized billing." It is obvious that I wholeheartedly agree with Mr. Corman.

I would like to point out that there are at least three ways that you can obtain the advantages of mechanized billing for your telephone company. First, you can rent from the manufacturer the equipment necessary to do your job. Second, call the company's service bureau nearest you. These bureaus are set up to do the mechanized billing for other companies on a regular service charge basis.

The third method is offered by our company. At present, we are providing toll billing service to several companies similar in size to ours. Each month they have their toll tickets sent directly to our office. At the end of the billing period, we process them.

First, if there are any 1-A tickets involved, we cut punch cards to replace them. All the tickets are then run through the sorter and sorted down to telephone number order. They are then fed through the accounting machine which prints a separate toll statement for each customer.

We provide the same information given our subscribers; in other words, the telephone number, the place called, where the call was placed from, the telephone number (if it is a 2-5 office) and the amount of each call. Then at the bottom we subtotal this, add the 10 percent tax, give a gross total, and imprint the subscriber's telephone number. This is done on plain billing stock. To you who are planning to convert to machine-billing in the near future this service could provide a valuable stopgap measure until your own equipment is ready to go.

It has certainly been a pleasure to discuss this program with you.

Area Coverage— For the Great Plains

"There's hardly anywhere in the United States where REA has reached out farther into the country than in our service area," says State's Attorney Harold Brown, president of the Midstate Telephone Company at Kimball, South Dakota. Midstate's density statistics attest to the truth of Brown's statement. The cooperative averages about one subscriber per mile of line in rural areas. Midstate's service area is mainly flat, open prairie, with only an occasional dwelling.

Brown is one of the original five men who set out to organize Midstate in 1952. The nucleus of the original organization was 4 small exchanges and 10 or 12 switcher lines. Most of the switcher lines were owned by individuals or groups of ranchers. Some were operating, while others had been abandoned. Midstate converted these to four dial exchanges (Gann Valley, Kimball, White Lake, Pukwana) in 1957. They served 793 subscribers at cutover.

By 1959, the co-op had acquired the magneto system at Stickney, two or three additional switcher lines, and a manual system at New Holland, which had been abandoned. These added 409 subscribers and 2 new exchanges to Midstate's service area. The co-op's seventh exchange (Delmont) evolved from the former Delmont Telephone Company and four abandoned switcher companies. It was cutover early in 1961 with 279 main stations. It is the first of Midstate's exchanges constructed with buried plant.

Early this year, Midstate faced its biggest challenge: to quickly provide service for the U. S. Corps of Engineers at the Big Bend Dam site in a sparsely settled part of the co-op's service area. West Central Electric Cooperative, located at Murdo, South Dakota, also faced the challenge of serving the Big Bend Dam site. Transmission facilities for this purpose were financed in 1959 with REA loan funds.

Big Bend is the last of the Pick-Sloane project dams planned to utilize the waters of the Missouri River to generate electricity and irrigate arid prairie lands. It is expected to be completed in 1967, but is scheduled to begin operating on a limited basis by 1964. One of the Dam's unique features will be the constant-level built-in reservoir which will contribute largely to its attraction as a future resort and tourist area. Further, by 1966, the Missouri Basin Inter-Agency Committee estimates that it will be capable of furnishing 468,000 kw of electric power. But already it has posed big problems for its builders. First, the entire town of Fort Thompson, which was in its path, had to be moved. The town included the Crow Creek Indian Reservation, with a population of about 1,500 Sioux Indians. Another problem is the water level below the dam site. Constant vigilance must be exercised to prevent flooding lowlands.

In conjunction with the dam, a sizable trailer town has sprung up outside of Fort Thompson to house the personnel working on the dam, and their families.

Midstate presently serves the entire area from a used automatic switchboard—the only thing the co-op could find in a hurry. By the end of the year, however, a modern 7-digit board will be installed.

Jorgen Nielson, manager of the Fort

Left, manager Rey Stenman's hearty smile reflects his confidence in Midstate's future growth. Below, Jorgen Nielson, manager of two exchanges makes a test call from an unattended dial office.

Thompson exchange, is already afraid that newly installed lines will not be adequate to handle requests for service from the new board.

"Then we'll just have to string more line," says Rey Stenman, Midstate's progressive manager. Stenman is determined to provide service to anyone in Midstate's service area who wants it, no matter how remote the location or how overwhelming seem the obstacles.

Midstate's board of directors believes in this policy. Stenman came to Midstate in January 1959 with a background of managerial duties with two other REA telephone borrowers in South Dakota.

He modestly attributes the co-op's success to subscriber usage, which has far exceeded anticipation.

"A contributing factor, also," Stenman states, "is the steady rise in toll revenues. Farmers in our area have become businessmen," he continues, "and their expanded interests are reflected in added revenues to the co-op."

Typical of South Dakota's farmer-businessmen is Joe Knippling, who with his brother and both their families, operates a 55,000 acre ranch

where they raise white-face Hereford beef cattle. Knippling, who was one of the original five organizers of Midstate and its first board president, says that the telephone is a vital part of his business.

Although Midstate is a young co-op, it has done an excellent area coverage job in its territory. Stenman feels, however, that its most important job is ahead. He says that expansion within the system will continue for a long time to come.

Because of the Big Bend Dam,

And the Midstate Telephone Cooperative met the major challenge of providing area coverage—to the displaced town—to the construction project—and to the engineers and their families living in the trailers.

RAD—From Ideas to Jobs

With its organization accomplished, RAD is now prepared to provide a guide for any REA borrower wishing to revitalize its community.

The RAD picture is admittedly complex, but so is the problem of rural poverty. While local people can expect from the Government technical assistance and help in finding credit, the bulk of the work will be theirs.

The three basic approaches to RAD are:

1. Increase the number of nonfarm employment opportunities at higher income levels within the area.
2. Improve the utilization of resources to increase agricultural income.
3. Combine both of these approaches to create more opportunity on and off the farm.

A suggested outline to use in getting started includes:

1. A statement of the area's problems and resources including present income situation; characteristics of human and physical resources; service, institutional, and marketing resources; and locational resources.
2. A statement of economic development goals for the area.
3. The organization necessary to carry out the program.
4. Detailed development plans.
5. Types of assistance that will be needed.

Many REA borrowers have RAD programs well underway. How do the others get started?

Learn the sources of help. The Area Redevelopment Administration, created by the new legislation signed by President Kennedy on May 1, will make the final decision on loans and grants provided by that legislation for certain designated rural areas.

For these areas, however, the Secretary of Agriculture must certify both the development plans and the application to Area Redevelopment Administration before loans and grants can be made. Director of Agricultural Credit John Baker will make recommendations to the Secretary for action. Under Baker, the Office of Rural Areas Development, directed by A. T. Mace, will coordinate USDA activities.

Within Agriculture, REA is responsible for recommending USDA certification of the rural Area Redevelopment Administration loan applications. REA is also responsible for providing technical assistance on specific projects. This includes analyzing the potential market for goods and services.

The Farmers Home Administration will have parallel responsibilities in recommending the USDA certification of the overall economic development plans into which the projects are fitted. Farmers Home Administration will also help on water facilities in connection with any specific project.

The Extension Service will help organize State and area action groups and provide educational assistance. Other USDA Agencies will assist in their areas of interest.

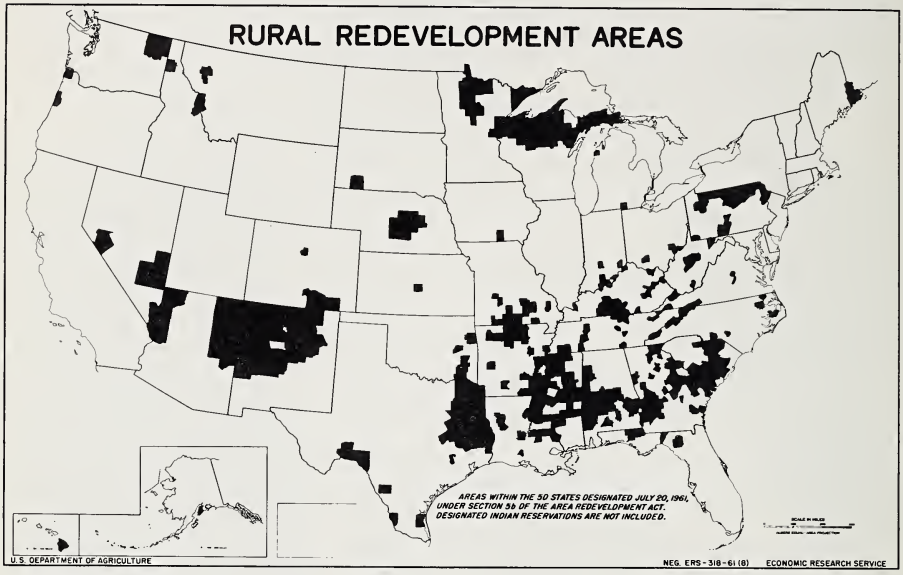
While Area Redevelopment Administration credit aid is available to only designated rural areas, these USDA agencies will make the other aid available to all rural areas.

So your RAD program is divided into three parts: organization, plans, and projects. Under the Director of Agriculture Credit and the Office of Rural Areas Development, Extension will have the responsibility for the organization, FHA will clear the plans,

and REA will help shepherd the project through from the idea to the thriving business or industry.

Your first step will be to get information and material from various sources. Directly through the REA fieldman serving on the State panel, or through your State association, find out the status of your State RAD panel, chaired by the FHA Director, and the formed should be thoroughly representative of the area, but not too cumbersome for effective action. (It is possible that this organization, if incorporated under the laws of the State, whether for profit or not, may qualify as a local development association to which certain loans may be made by the Small Business Administration.)

REA's RAD Staff will help find a



State RAD committee which the Extension Director is organizing. (Make sure REA borrowers are represented on the latter.) For further help on specific projects, or any help in finding answers, get in touch with the REA RAD staff.

Organize. Get in touch with local leaders, such as the county agents, Farmers Home Administration supervisor, or the REA fieldman in your State. These men will help you to organize your committee. Get a group of representative community leaders together and discuss the possibility of forming a local RAD committee.

It is important that any organization

credit source for your particular project.

Plans and Projects. Don't hold up work on individual projects (the ultimate objective of all the planning) until you have completed a long term overall economic development plan. Begin work on the plan immediately, but move ahead, too, on immediate action projects under a preliminary plan.

Importance of an overall economic development plan should not be underrated. Work on it will reveal potential in projects that would otherwise be overlooked, and will also weed out projects that are not feasible for your

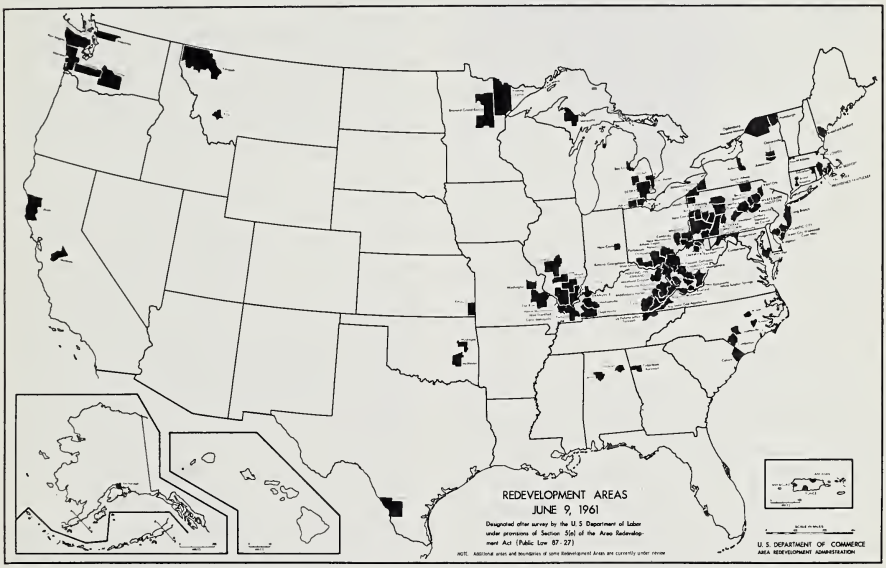
particular area. It will also help you get started on long range projects.

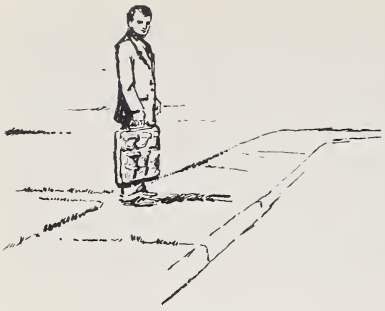
REA will assist you, its borrowers, to make effective use of the service of all agencies of Government in working out your RAD program.

Plan. Once your committee is organized, determine the general objectives of your RAD program. After you have established the objectives, draft an overall economic development plan to attain them. The plans should be prepared according to the USDA release "Suggested Content of an Overall Rural Areas Economic Development Program," June, 1961.

Determine Credit Needs and Sources. Considerable thought should be given to financing each project and determining its relation to the overall economic plan. Keep in mind that only in rare cases of demonstrated need can the entire cost of a project be financed by Government loans or grants, so money should be raised locally to help accomplish any project.

In many communities local citizens have been able to raise equity for needed projects, but could not get the required loan funds to develop them. Today, many Federal credit sources have liberalized their terms. The Small Business Administration makes business loans to finance business enterprises for profit. The Bank for Cooperatives of the Farm Credit Administration makes loans for cooperative marketing and purchasing projects. The Community Facilities Administration of the Housing and Home Finance Agency makes loans for water facilities, retirement housing, and other public works. The Farmers Home Administration of the Department of Agriculture makes loans for farm and nonfarm rural housing. REA can make Section 5 loans to electric cooperatives to re-lend to consumers for purchasing and installing electrical equipment, including machinery. In ARA designated areas, loans and grants may be made available.





"Just Asking" Gets Results

by David V. Radcliffe, Engineer and Sales Director, Eastern Illinois Telephone Company, Rantoul, Illinois

We've all heard the old chestnut, "Thar's gold in them thar hills." Well, the Eastern Illinois Telephone Company at Rantoul, Illinois, has found that its area, although admittedly lacking hills, has quantities of unmined riches within its exchange boundaries. No gold as such, is actually being mined; however, the gold they're getting is coming from a real honest to goodness "mother lode" of existing and potential subscribers. And they're getting it by a tried and true method which has not been used sufficiently by the independent telephone industry. The method: knocking on doors, talking to people, and simply asking them to buy telephone service or, if they already have service, asking them to buy additional services.

From April 1960 to May 1961 with no extensive new housing projects to speak of, Eastern Illinois has added 542 main line stations and 240 extensions to its station growth—an average of 60 stations a month. This growth has come from within the company service area. It has been largely a harvested crop gardened from personal contact.

There are many objectives to be obtained from a door-to-door survey. The first and most important one is to sell initial service and extensions and upgrade service for existing subscribers. Secondary ones are to explain rates to potential subscribers and to clear up any misunderstanding they may have about telephone service.

The canvass showed that many nonsubscribers had mistaken ideas regarding the rules and regulations of the telephone company. The most serious ones were the amount of money required for a deposit and the time it took to get a telephone after the application was made. For example, one lady said she understood the telephone company required a $200 deposit. Another was under the impression that it would take at least 3 months to get a telephone installed. In both of these cases applications were taken as soon as the true facts were presented.

Many side benefits to the telephone company have also become apparent. One is that errors in the cable records and number assignment book are picked up during the preliminary procedure period. Another and interesting benefit is establishing a type of controlled growth. This is to say, that if one planted a garden, watered and weeded it constantly, one would have controlled the growth of that garden. Establishing a controlled growth in telephony means the company is able to predict growth and plan more accurately for expansion within itself than previously was possible. The data and results of these surveys are watched closely by the company and its consulting engineers for use in determining new central office and outside plant needs.

When door-to-door solicitation was first started the sales progress was slow, but as the survey progressed the service representatives developed sound and logical sales presentations that resulted in lowering sales resistance.

Canvassing has turned out to be an extremely effective sales method. From experience to date, it was found that the service representative could sell approximately 30 percent of his prospects for initial service. However, this percentage had to be worked for. Time checks now show that the telephone representative could tell his story to some 24 prospective telephone subscribers in an 8-hour day and sell 1 out of 3 of these.

One of the drawbacks was that during the day, of course, housewives were the ones most frequently found at home. Many of the housewives desired telephone service but wanted to talk to their husbands first, which resulted in many callbacks that all but destroyed the continuity of the canvass. The callback rate of sales was approximately 50 percent.

To overcome this problem, they explained to the houswife that if she signed for service immediately, she could call the telephone company the next morning and cancel the application if she and her husband decided against it. When these terms were accepted the sale was virtually assured; less than 2 percent canceled out the orders.

When a housewife was not receptive to this suggestion, but still wished to talk to her husband before making application, another plan was offered. This was to make out the application and leave it with the housewife and if her husband agreed, to mail the application to the office within the next few days. This produced additional sales.

Some of the areas literally exploded as the survey progressed. Although direct sales were the primary aim,

Richard M. Quinlan, manager, seated, and Harry F. Lowe, consulting engineer, review station growth charts.

many indirect sales resulted from the canvass, as people started thinking about service and later came into the office and made application, or called the service representative as he passed through their area to a "callback" or "no answer" residence. Many service orders were written up on the spot using a lamppost or an automobile hood for a desk.

As the majority of the people contacted were a hard core group of nonsubscribers, it was difficult to sell them initial service, let alone color instruments and extensions. However, the installer would try to sell additional service at the time he was installing the telephone.

Existing subscribers were also included in the sales promotion. No door-to-door sale canvass was made to existing resident subscribers, but newspaper ads and telephone exhibits at local fairs and such have been directed toward selling color and extension instruments to this important potential market.

David V. Radcliffe, engineer and sales director, writes an order for phone service for Mrs. Arnold Parker, using the hood of an automobile as a desk.

Businesses have been contacted personally and told about the availability and advantages of new type of key and PABX systems. These businesses were under the impression that the representative "just happened to drop by," however none were contacted until a study of their needs had been made and a sound recommendation could be offered.

The door-to-door canvass results also gave the telephone company a marketing study that enabled them to direct their advertising to the people who didn't have telephone service. It was found that their largest potential market was in the people who considered themselves temporarily living in that area although many of these people would probably be there from 9 months to 3 years. Newspaper advertising has now been directed toward that group. The first ad that appeared brought in enough new business to pay for itself 10 times over. This ad will run concurrently with ads directed at color and extension sales. Perhaps the biggest boost to sales has been the waiving of an antiquated $20 residence deposit requirement. All that the company now asks is reasonable credit reference; it is experiencing negligible credit losses.

Regardless of all other items, the successful station growth of East Illinois must be laid to progressive management and adequate personnel training. The company fully realizes that everybody can't be a salesman, but everybody can at least try to sell and that's all that is asked. All plant and commercial people in the company have a 1-hour training session each week where many subjects are taught and reviewed. Sales training is an important part of these meetings.

The company has established a new policy toward its prospective subscribers which is: "If you can't come to us, we'll come to you."

It has been found that personal contact with both subscribers and nonsubscribers, with farmers, businessmen, town people, and service families is indeed a revenue raising proposition from which the Eastern Illinois Telephone Company can happily say, "Thar's gold in them thar flatlands too, but ya gotta dig for it!"

Local Girl Makes Good

This is a success story that might be called "From Switchboard Operator to Manager." It is the story of the United Telephone Company, at Monroe, Wisconsin, and everybody around there knows that the United Telephone Company is Miss Margaret K. Burgi. This is also the story of efficient management and good service, because Miss Burgi believes the two go hand in hand.

Miss Burgi, like most of her subscribers, is representative of the Swiss culture brought to southern Wisconsin by a colony of settlers in the early 1800's. The band of early Swiss couples settled in what is now Green County. They cleared the forests and drained the swamps. Today, the rich farmlands around Monroe and New Glarus support one of America's important dairy industries.

The Swiss influence shows itself in the cheese factories, in the names, the architecture, and the character of the people. The houses are sturdy and the whole area reflects hard work, neatness, and thrift.

The stability of the Swiss descendants shows in low subscriber turnover. Miss Burgi recalls that her company had a subscriber drop of only 8 percent during the worst year of the Great Depression.

There is low turnover, too, on the staff of the United Telephone Company. Among the 133 employees, more than a third have been with the company over 5 years. Sixteen have been on the staff more than 15 years.

"Long tenure and low turnover of employees means low cost of operations and better service to the community," says Miss Burgi. "Our employees stay with us longer," she explains, "because each new employee is chosen with care and carefully trained." Some attend the schools run by equipment manufacturers, others take correspondence courses. All attend staff meetings where courtesy to subscribers, safety, and other training are provided.

Training and experience are carefully noted in personnel records. These records, and other records in the office, reflect the close supervision which characterizes the company's operations. It is said of Miss Burgi that she knows the location, cost, and condition of every bolt and washer in the system. While this may be an exaggeration, the company records are sufficiently detailed and accurate to show at any moment where trouble is developing, what preventive maintenance is needed, how inventories stand, who is in line for promotion, and whether net margins are satisfactory.

System maps, outage reports, subscriber billings—all are kept current and in their proper place. They have to be in their proper place, because there is not a foot of space to spare in the present headquarters building. The engineer's drawing board is tucked under the stairway, and the man in charge of subscriber relations works alongside the fuel oil tank in the basement. The women on the switchboard have a narrow passageway to a miniature lounge, and the manager's office is not much bigger. Good housekeeping is the key to efficient operations in the cramped quarters. The dark woodwork gleams, the air is cool, and

At Madison, Wisconsin, Miss Kathryn Burgi began in the telephone business as a switchboard operator. Today she serves as president, treasurer, and manager of the United Telephone Company.

the lighting is as good as the 49-year-old building permits.

Part of a recent REA loan will finance an addition to the office building and the combination garage-warehouse. The present office, built in 1912, stands on the site of the house where Miss Burgi was born. The new addition will require razing the house where she lived most of her life.

"In one way or another, the telephone company has been important all through my life," Miss Burgi says. "I went to work on the switchboard in 1913 because my school teaching job at that time paid a salary only for the 9 months that classes were in session. I was delighted to have a year-round job with the telephone company. I was chief operator and had learned wire testing, repairing, and practically everything else about the telephone system."

By 1925 Miss Burgi's executive ability was well recognized, and she was elected to the Board of Directors and appointed Treasurer. During the many years she has been associated with the company, she has acquired its capital stock and secured control of the company. Miss Burgi is now President, Treasurer, and General Manager.

United is in the process of converting its common battery and magneto system to modern dial, with REA financing. The Monticello exchange, one of eight that will serve 5,700 subscribers, already is cutover. The new building is designed to accommodate growth at minimum cost. There is additional space at the back of the building lot, and the structure itself is provided with extra conduits, an ample cable pit, and floor space for extra frames.

When the conversion is completed in all eight exchanges direct distant dialing will be available to subscribers. The completed system will provide telephone service to 90 percent of the households and business establishments in the headquarters town of Monroe and to about 85 percent of those in the rural parts of the service territory. Miss Burgi explains the high ratio of subscribers as follows:

"It is a combination of factors. For one thing, this is a stable community. The people own their own homes. They make a good living and are frugal. Good telephone service at the low rates we offer appeals to them as good business. And, of course, it's good business for the company." She added, "Do you know, our collection rate is nearly 100 percent perfect? Again, I think it reflects the integrity of the subscribers in our community."

A Co-op Fights Fire

On October 9, 1871, so the story goes, Mrs. O'Leary's cow decided to kick up her heels—when she was too near a lighted lantern. The resulting conflagration laid waste to more than 2,000 acres of the city of Chicago, left more than 100,000 people homeless, nearly 17,500 buildings in ruins, and 200 persons dead. Some years later, October 9 was designated as Fire Prevention Day; by 1922 Fire Prevention Day had grown to Fire Prevention Week. This year, Fire Prevention Week will run from October 8th through the 14th.

A fire does not have to reach the proportions of the Chicago holocaust to be tragic as the Hancock-Wood Electric Cooperative of North Baltimore, Ohio, found when its territory was plagued by disastrous fires last winter. In a single 24-hour period, four of Hancock-Wood's members were rendered homeless by fires, and four more were burned out before the winter was half over.

Alarmed by this series of events, the co-op decided to do what it could to avert further destruction. Early in February 1961, the board of directors approved a program to sell fire extinguishers and fire alarms at a low cost. The co-op first purchased 1,000 chemical fire extinguishers approved by the Underwriters Laboratories and by the U.S. Coast Guard for marine use, and 1,000 battery operated fire alarm units. Because they bought in quantity, they were able to offer them to prospective customers for half the market price.

The initial campaign began in late February, for a 40-day period. Publicity urged that every home—every barn—every car—every tractor—every combine—every boat should have one. As selling progressed, a number of local organizations joined the campaign. Two Boy Scout troops, three Future Farmers of America chapters, several 4-H clubs, and three fire departments all participated. When the totals were in, the co-op found that 2,700 fire extinguishers and 500 alarm units had been sold.

Hancock-Wood followed its sales campaign with an electrician's training session on proper fusing, at which the latest types of fusing equipment were displayed. The speaker noted, "There should be no electrical fires if proper fusing is used."

The cooperative is also instructing its members to call a wireman when a proper size fuse will not hold a circuit. They have been warned that the charge a wireman might make will be much less than the cost of repairing or replacing the structure.

Co-op Manager Powers Luse, who is deeply concerned about the fires and has spearheaded the co-op's efforts to prevent further destruction warns members, "These fires are a tragic thing and our program to distribute high grade fire extinguishers and alarm units at cost is only a partial answer to the problem. Careful inspection of all types of heating systems and electric wiring is vital, and we urge everyone to make these checks immediately and carefully."

Power Lines

Montanans Offered Range Bonus

Yellowstone Valley Electric Cooperative, of Huntley, Montana, will pay its members $25 for their old ranges—regardless of type or condition—if they replace with a new electric range. To help members with their range shopping, the co-op is displaying six makes that are available from local dealers. Thus, members can compare makes and features at their leisure, then buy from the dealer that supplies the one they choose.

Co-op Entertains Press

To promote its "Kitchen of Today," Cass County Electric Cooperative gave a demonstration dinner for the local press. Star of the affair was the heatless electronic oven, which cooks food by friction or movement of the food particles. A pie in this oven bakes in 5 minutes, bacon in 90 seconds, and a 14-pound turkey takes only 1 hour, 15 minutes. Other kitchen features are a food center with attachments that sharpen knives and mix, grind, shred, slice, or blend food; laundry equipment which can wash such items as plastic flowers, stuffed toys and men's suits; and an appliance center. The co-op shows its "Kitchen of Today" to any group, or to individuals planning to build or remodel a kitchen.

Kentuckians Go to Heat School

Dealers and installers in the Owen County Rural Electric Cooperative Corporation service area showed a lively interest in an electric heat school conducted by the co-op at Owenton, Kentucky. Twenty-four of them recently completed the 4-week course, which won them approval to install electric heating units for consumers in the co-op's territory. The co-op tied in the educational program with a heat promotion campaign, by offering to pay $50.00 on the installation cost of electric heating for the first 35 members contracting for it.

Blue Ridge Logs Super Safety Record

As of June 16, 1961, the employees of Blue Ridge Electric Membership Corporation at Lenoir, North Carolina, had chalked up a record 9 years—1.85 million man-hours—of work without a single disabling accident. Manager C. E. Viverette and safety director, H. H. Beach, are very proud of this record, but would be much happier if they were only one of many electrical systems to achieve it.

REA Announces Wide Reorganization

REA has been reorganized to improve its operation and general effectiveness. REA Administrator Norman M. Clapp said that the new organization will result in a broader transfer of technical and management information with individuals associated with REA's programs, enable the agency to implement new policies affecting the borrowers, and help to bring staff and line people into a closer working relationship.

Key people in the new organization are:

Office of the Administrator: Administrator Clapp; Richard A. Dell, Deputy Administrator; Richard M. Hausler, Director, RAD Staff; James F. Sullivan and Earl L. Hogan, Assistants to Administrator; Eugene R. Riddle, Internal Auditor; Charles U. Samenow, Legislative and Interagency Consultant.

Electric Program: Richard H. Wood, Assistant Administrator; Edward F. Wilson, Deputy Assistant Administrator; James B. McCurley, Director, Electric Distribution Division; Joseph E. O'Brien, Director, Electric Standards Division; Hoburg B. Lee, Director, Power Supply Division; Directors of the Electric Area Offices are: Everett R. Brown, North Central; William H. Callaway, Northeast; Hubert Wales, Southeast; Richard F. Richter, Assistant in Charge, Southwest; Gerald F. Diddle, Assistant in Charge, Western.

Telephone Program: Edgar F. Renshaw, Assistant Administrator; Walter L. Wolff, Deputy Assistant Administrator; Raymond W. Lynn, Director, Telephone Engineering and Operations Division; Thomas J. McDonough, Director, Telephone Standards Division; Directors of the Telephone Area Offices are: Arthur H. Schartner, Assistant in Charge, North Central; William H. Eastman, Northeast; Harold F. Clark, Southeast; Walter E. Rich, Assistant in Charge, Southwest; Donnan E. Basler, Western.

Operations: John W. Scott, Assistant Administrator; Leslie Surginer, Controller, Controller's Division; William E. Spivey, Director, Information Services Division; Henry C. Starns, Director, Personnel Management Division; Robert T. Beall, Director, Program Services Division.

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